

## Wind & Hail: When Your Current Insurer Drops Coverage...You Should Be Concerned.

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Wind and Hail are considered to be the biggest risk that a golf course in Canada faces and yet many golf insurance programs have recently begun dropping wind and hail coverage at renewal.

The obvious explanation for this change is that these programs are raising their rates.

Coverage for wind and hail can make up a considerable portion of your overall premium. When an insurer drops coverage of any kind, they are effectively raising prices since they are still charging the same premium but they have significantly reducing their exposure.

### Changing Weather Patterns

The scientific community is in agreement that weather patterns are changing and that severe weather events are increasing in frequency. We now regularly hear of 'downbursts' and 'isolated wind storms' and the experts agree that we are likely to experience more of this erratic weather in the future.



Picture above: The effect of wind damage to a golf cart storage shed.

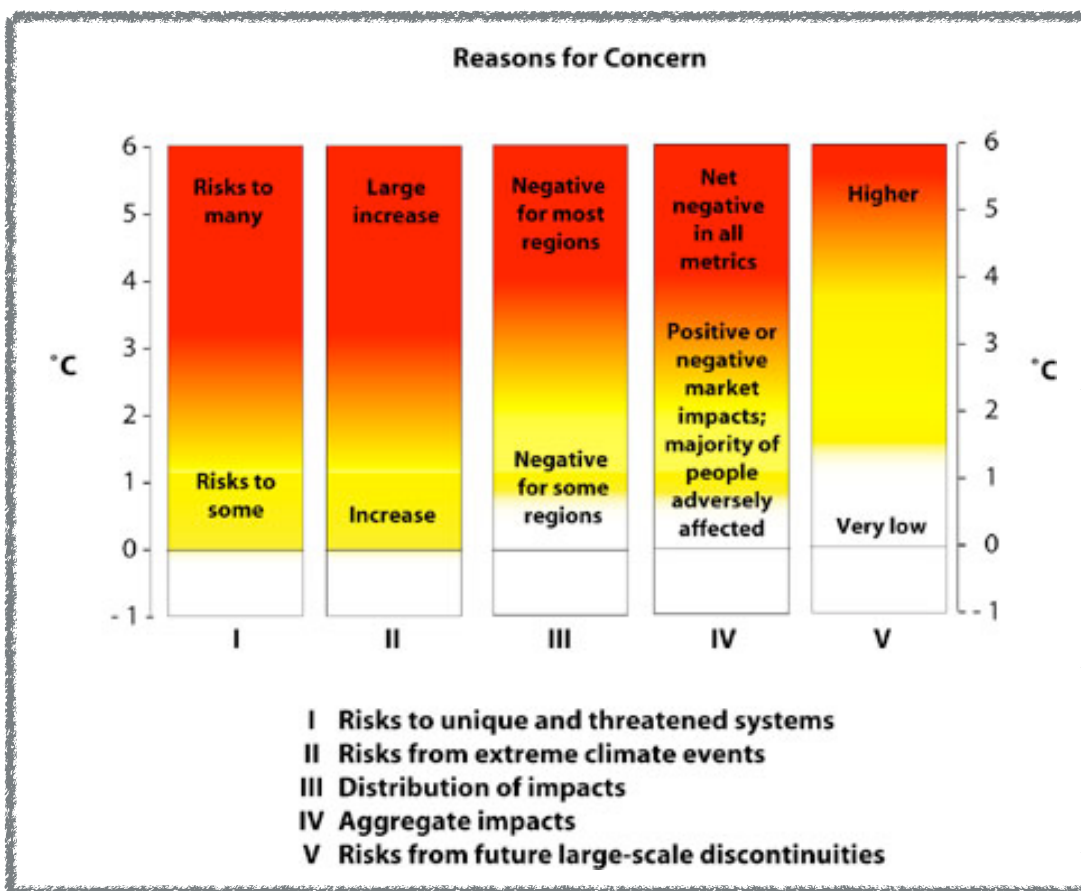
According to the Intergovernmental Panel on Climate Change (IPCC) extreme weather events may occur more frequently under climate change and have the potential of affecting flooding, droughts and the frequency and severity of cyclonic systems (including hurricanes).<sup>1</sup>

Environment Canada had this to say in response to questions about the potential consequences of a few degrees of warming;

“Even a modest warming of global temperatures would significantly change global wind and precipitation patterns, and hence alter local weather behaviour around the world from that which we are used to. Some of these changes would be effectively irreversible. Since both ecosystems and human societies have adapted to the climates of today and the recent past, they will be ill-prepared to deal with the changes if these are too rapid to allow ecosystems and societies to adapt. For many developing countries, this may have very harmful effects on basic human needs for a place to live, food to eat and clean water to drink and on their ability to live healthy lives. For all countries, increased frequency of severe weather events will enhance the risk of weather-related disasters.”<sup>2</sup>

**Chart 1** below was produced by the IPCC and it outlines the risks associated with global warming.

As you will see in **Column II** there is a large increase in, “Risk from extreme climate events” as the global temperatures increase. According to the experts we now know that temperatures are rising so there will be an increase in weather related risk.



**CHART 1.** Some negative impacts have already occurred in some regions in response to warming to date (e.g. increases in human mortality, loss of glaciers, increases in the frequency and/or intensity of extreme events). Modest warming could provide some benefits in some regions, but as global temperature increases, impacts are expected to become increasingly negative at all scales. (IPCC 2001, WGII Figure SPM-2, RH panel).

Source: <http://www.ec.gc.ca/scitech/default.asp?lang=En&n=2A953C90-1&offset=5&toc=show#E.2>

**"Everybody talks about the weather, but nobody does anything about it."**

- Mark Twain

## What are the Risks?

Golf courses are extremely vulnerable to damage inflicted by wind and hail. It is not just the surrounding trees but also the numerous buildings around the perimeter of the golf course that are at risk.

The golf course management team must also consider a course to be unplayable when trees and buildings come down. This results in lowered revenue just as the club is faced with a large clean up and repair bill that may not be covered.

## Conclusion

Infrastructure is becoming increasingly vulnerable to the changing climate and golf courses are no exception to this growing exposure. Globally, losses to weather related events have increased dramatically over the last 20 years and this number will only grow as the climate continues to change.

If a golf club decides to go without wind and hail coverage then the management team must consider the establishment of a reserve fund in order to cover the clean up costs after a severe storm. At private golf clubs, the board of directors must seriously review this significant change in coverage as part of its fiduciary responsibility to the club and its membership.

In response to the forecasted changes in the climate, golf course owners and operators must ask themselves how much risk they are truly willing to accept?

## For More Information

To locate an authorized **Signature Golf Insurance Specialist** in your area or for more information please contact us at:

[www.signaturerisk.com](http://www.signaturerisk.com)

## Useful Links

Environment Canada	<a href="http://www.ec.gc.ca">www.ec.gc.ca</a>
Insurance Bureau of Canada	<a href="http://www.ibr.ca">www.ibr.ca</a>
Ministry of Natural Resources	<a href="http://www.mnr.gov.on.ca/en/Business/EmergencyManagement">www.mnr.gov.on.ca/en/Business/EmergencyManagement</a>

## Disclosure Statement

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<sup>1</sup> Auld, H and MacIver, D. Changing Weather Patterns, Uncertainty And Infrastructure Risks. Environment Canada.

<sup>2</sup> "Frequently asked Questions about the Science of Climate Change" Available at: <http://www.ec.gc.ca/scitech/default.asp?lang=En&n=2A953C90-1&offset=5&toc=show#E.2>.